



# COMMISSION NEWS

---

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

---

TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: April 16, 1998  
CONTACT: Pamela T. Johnson 602/ 542-0702  
Mark C. Knops 602/ 542-0621

## **CORPORATION COMMISSION HITS FORMER SECURITIES SALESMEN FOR SELLING FRAUDULENT INVESTMENTS**

**PHOENIX, AZ/April 16, 1998** – The Corporation Commission has ordered two Phoenix-area men, VINCENT JAMES LIUZZI, III and JAMES BENNETT SCOTT to pay fines and restitution to investors and to cease and desist from violating the Securities Act of Arizona. WESTERN UNIVERSAL FUND COMPANY, LLC, a Nevada company set up by Liuzzi to raise money for a “Cactus Town” fast-food restaurant chain, was also ordered to cease and desist from securities violations and to pay restitution to its investors. Limited liability company membership interests in WESTERN were sold by LIUZZI, SCOTT and others from its former office in Scottsdale.

The Commission found that LIUZZI sold two fraudulent and unregistered investment programs. Both programs misused investor money by making fraudulent payouts of claimed profits that were actually investor funds, a practice known as a Ponzi scheme.

While he was Scottsdale branch office manager for now-defunct Columbus Financial, Inc., a California-based securities firm, LIUZZI sold over one million dollars in Mustang Development Corporation oil and gas limited partnership interests to investors from October 1993 until March 1995. After Columbus shut down, LIUZZI caused the sale of \$302,500 in WESTERN membership interests to 22 investors from December 1995 until the Commission halted further sales in July 1996. LIUZZI was ordered to pay \$1,384,848 in restitution to investors and \$150,000 in penalties to the state.

SCOTT was a salesman for WESTERN and sold \$90,000 in membership interests to ten investors. He was ordered to pay \$89,290 in restitution to the investors as well as \$20,000 in penalties to the state. WESTERN was ordered to pay \$287,348 in restitution to its investors.

“During the past nine months, the Corporation Commission has ordered over \$15.8 million in fines and restitution against individuals violating the Arizona Securities Act,” said Commissioner-Chairman Jim Irvin. “The message should be heard loud and clear that unscrupulous securities dealers will be punished swiftly and severely in Arizona.”

The Commission previously issued a related consent order against former Phoenix-area resident Billy Michael Blair for his participation with LIUZZI in the Mustang and WESTERN programs, requiring him to cease and desist from violating the Securities Act and pay \$1,181,366 in restitution to

defrauded investors along with a \$75,000 penalty to the state. Blair worked under LIUZZI at the Columbus Scottsdale office selling Mustang limited partnerships, and later was the co-manager with LIUZZI of WESTERN. The Commission has also issued a related order against another Phoenix-area salesman for WESTERN, Christian Peter Tamburrelli, requiring him to cease and desist from securities violations and to pay penalties to the state and restitution to investors for his sales of WESTERN membership interests.

LIUZZI, SCOTT, Blair and Tamburrelli had all been registered securities salesmen in Arizona in the past. The Commission revoked Tamburrelli's registration in 1993 for concealing a 1992 felony theft conviction.

Commissioner-Chairman Jim Irvin said that "the penalties assessed against these former registrants send a message of zero tolerance for misconduct." Securities Division Director Mike Burton warned against "telephone callers promising high returns with no risk. Investors must be especially wary of callers pressuring them to roll over all or part of their nest egg from highly liquid investments into unfamiliar ventures."

The United States Securities and Exchange Commission sued Mustang Development Corporation and its principals in federal court in California last year, alleging their oil and gas limited partnerships were a "massive Ponzi scheme." Two of these principals have also pleaded guilty to federal criminal charges related to the limited partnerships.

###

## **BACKGROUND**

Corporation Commission Docket Nos. S-3042/ 3154-I (Consolidated).

"Telemarketing Operation Shut Down by Corporation Commission," *Commission News*, July 12, 1996.

"SEC Charges Three Had Role In Ponzi Scheme," *The Wall Street Journal*, January 24, 1997, page A9B.

For an illustrated profile of Carlo Ponsi a/k/a Charles Ponzi, the namesake of the fraudulent "Ponzi scheme," see "Mister Pyramid" by Jay Wolff in *Audacity* magazine, Summer 1997.